

# Commercial TRENDS Boston



1<sup>ST</sup> HALF - 2000 ISSUE 2

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT • RESEARCH & DEVELOPMENT UNIT • CITY OF BOSTON • THOMAS M. MENINO, MAYOR

## Neighborhoods Feeling Fallout from Downtown Lease Rate Explosion

Downtown landlords are asking for nearly \$60/sf for Class B office space with reports of Class A office space going for \$100/sf. Inevitably, these escalating lease rates are pulling up office space rates in Boston's neighborhoods. Real estate agents responding to our semi-annual survey report rate increases during the first six months of 2000, compared to the last six months of 1999.

### Office Lease Rates (Gross Rates)

Neighborhood	Class	Ave. Range		Reported High
		1 <sup>st</sup> Half 2000	2 <sup>nd</sup> Half 1999	One Year Period
Allston/Brighton				
Kenmore area	A	\$22 to \$30	NA	
Allston/Brighton	B	\$16 to \$21	\$14 to \$15	\$21
Allston/Brighton	C	\$12.50 to \$17		\$16
Back Bay/Beacon Hill	A	\$45 to \$54	\$39 to \$43	\$60
Back Bay/Beacon Hill	B	\$27 to \$39		
Back Bay/Beacon Hill	C	\$12 to \$27		
Central				
Financial District	A	\$57.5	\$40 to \$50	\$100
Central				
North Station	B	\$25 to \$34		
Financial District	B	\$35 to \$55		
Central	C	\$8 to \$25		
Charlestown	B & C	\$14 to \$16	\$14 to \$16	\$25
Constitution Plaza	B	\$30 to \$36		\$36
Dorchester	B & C		\$10 to \$12	\$15
North Dorchester	B & C	\$21 to \$35.5		
South Dorchester	B & C	\$15 to \$18		
East Boston	B & C	\$9 to \$13	\$9 to \$13	\$17
Fenway/Kenmore	A	\$50		
Fenway/Kenmore	B & C	\$25 to \$28	\$25 to \$28	\$30
Hyde Park	B & C	\$10 to \$15	\$8 to \$10	\$15
Jamaica Plain	B & C	\$15 to \$25	\$10 to \$15	
Mattapan	B & C	\$12 to \$15	\$8 to \$9	\$15
Roslindale	B & C	\$8 to \$10	\$8 to \$10	
Roxbury	B & C	\$12 to \$22	\$9 to \$12	\$16
Dudley Square	B	\$16 to \$25		
Blue Hill Ave.	B	\$16		
South Boston*	B & C	\$10 to \$40	\$12 to \$17	
Fort Point Channel	A	\$35 to \$40	\$32 to \$36	
South Station	A	\$31 to \$35	\$31 to \$35	
South End	B & C		\$15 to \$20	
B		\$30 to \$36		
C		\$18 to \$27		
West Roxbury	B & C	\$12 to \$22	\$10 to \$13	\$22
Central Business Dist.	B	\$18 to \$22		\$22
Central Business Dist.	C	\$14 to \$16		\$15

Sources: ReLocate and Boston real estate agencies

- Revitalized Dudley Square in Roxbury reports asking prices in the \$16 to \$25 range for newly renovated Class B office space.
- Mattapan's minimum current office rental rates (\$12/sf) exceeds 1999's high end range of \$9/sf.
- South End rates (\$30 to \$36) begin to compete with downtown Class B office space rates.

## Retail Lease Rate Increases Reflect Office Rate Trends

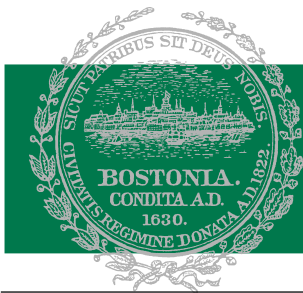
Landlords are hoping the good times keep rolling as retail lease rates exhibit strong increases during the six months ending 1999. The lease rate ranges currently requested exceed the ranges sought last year.

### Retail Lease Rates (Triple Net)

Neighborhood	Ave. Range		Reported High
	1 <sup>st</sup> Half 2000	2 <sup>nd</sup> Half 1999	One Year Period
Allston/Brighton	\$17 to \$23	\$14 to \$16	\$24.50
Back Bay/Beacon Hill	\$22 to \$100		
Central	\$22 to \$25		
Charlestown	\$17 to \$20	\$15 to \$20	\$22
Dorchester	\$12 to \$25	\$10 to \$12	
East Boston	\$10 to \$15	\$10 to \$15	\$15
Hyde Park	\$9 to \$12	\$9 to \$12	\$15
Jamaica Plain	\$18 to \$21	\$18 to \$21	\$22
Mattapan	\$10 to \$20	\$9 to \$11	\$15
Roslindale	\$10 to \$13	\$10 to \$13	\$13
Roxbury	\$14 to \$20	\$8 to \$13	\$20
Dudley Square	\$20		
Blue Hill Ave.	\$14		
South Boston*	\$13 to \$18	\$13 to \$18	\$19
Fort Point Channel			
South Station	\$205		
South End	\$16 to \$20	\$16 to \$20	\$23
West Roxbury	\$11 to \$22	\$15 to \$20	\$22
Central Business Dist.	\$15 to \$22		

Sources: ReLocate and Boston real estate agencies

- Retailers seeking locations in the populous and prosperous Back Bay/Beacon Hill neighborhoods can expect to pay anywhere from \$22 to \$100 per square foot.
- At South Station, with extraordinary foot traffic of commuters with high incomes, some small retail spaces seek \$205/sf.
- Once weighed down with empty stores, demand now exists for Blue Hill Avenue retail space with a current asking price of \$14 per square foot.



# Commercial TRENDS Boston



1<sup>ST</sup> HALF - 2000 ISSUE 2

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT • RESEARCH & DEVELOPMENT UNIT • CITY OF BOSTON • THOMAS M. MENINO, MAYOR

## Limited Industrial Space Available

Industrial space can still be found scattered around Boston. Lease rates reflect building quality, access to transportation, and development activity in the surrounding neighborhood. A sample of available industrial space, including square footage, cost per square foot, and location data, follows.

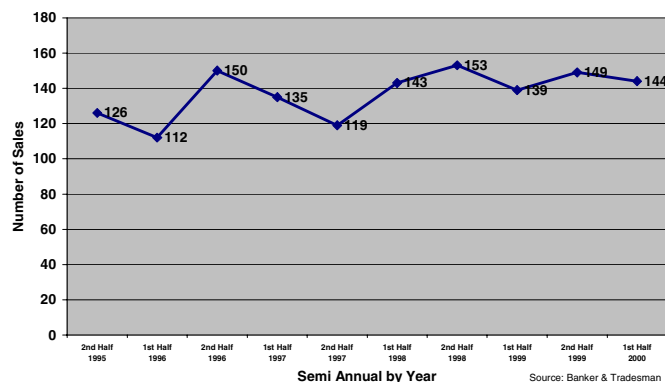
### Available Industrial Space in Boston

Neighborhood	Classification	Available Area	Cost per SF
Dorchester (South)	B	3,000	\$8
Dorchester (South)	C	12,000	\$18.5
Dorchester (South)	C	20,000	\$10
Dorchester (South)	C	Not reported	\$5
East Boston	A	Not reported	\$15 to \$16
Hyde Park	C	20,000	\$10
Hyde Park	C	60,000	\$5
Hyde Park	C	42,000	\$4
Hyde Park	C	65,000	\$3
Roxbury	C	Not reported	\$10
Roxbury	C	14,000	\$7
Roxbury	C	35,000	\$5
South Boston	Not rated	3,000	\$10
South Boston	C	Not reported	\$6 to \$7.25
South Boston	C	Not reported	\$6.75
South End	C	15,500	\$8

Source: ReLocate

## Boston Commercial Sales Remain Robust

Commercial Building Sales  
(July 1995 to June 2000)



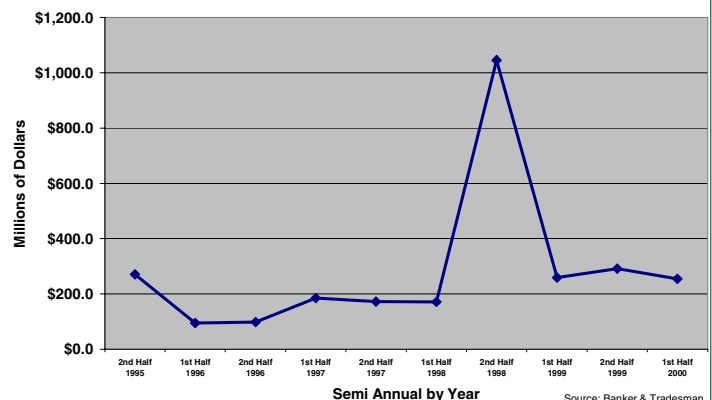
Source: Banker & Tradesman

Boston's commercial buildings continue to change hands at a brisk pace. Continually rising lease rates fuel demand.

The number of citywide commercial sales transactions remains remarkably steady, with 144 transactions reported for the 1<sup>st</sup> half of 2000, compared to 139 in the first half of 1999 and 143 in the first half of 1998. Neighborhood commercial building sales accelerated as 110 transactions occurred in the first half of 2000, compared to 93 sales in the last six months of 1999.

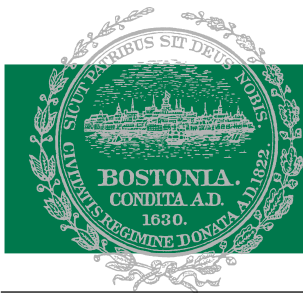
(Commercial Trends Boston defines "Neighborhood" activity as the collection of planning districts designated by the Boston Redevelopment Authority. Neighborhood activity excludes the downtown Boston business district and includes Allston/Brighton, Charlestown, Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Roslindale, Roxbury, South Boston, and West Roxbury).

Commercial Building Sales Value  
(July 1995 to June 2000)



Source: Banker & Tradesman

In contrast to the first issue of CTB, this issue includes all Boston commercial transactions, including those taking place downtown. This accounts for both higher half-year sales values across the board and dramatic spikes as depicted in the chart above for the 2<sup>nd</sup> half of 1998. The top four sales prices during this period summed to \$848.8 million dollars.



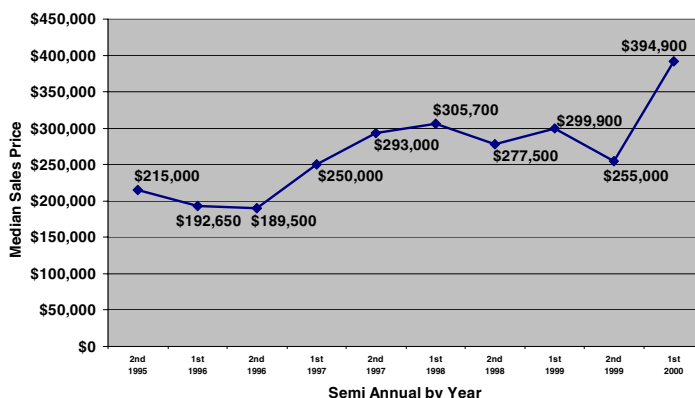
# Commercial TRENDS Boston

1<sup>ST</sup> HALF - 2000 ISSUE 2

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT • RESEARCH & DEVELOPMENT UNIT • CITY OF BOSTON • THOMAS M. MENINO, MAYOR

Median sales prices (see chart below) eliminate dramatic highs and lows. Nevertheless, 1<sup>st</sup> half commercial building median sales prices jumped considerably, \$139,875 more than the 2<sup>nd</sup> half 1999 median.

**Median Sales Price - Commercial Sales**  
(July 1995 to June 2000)

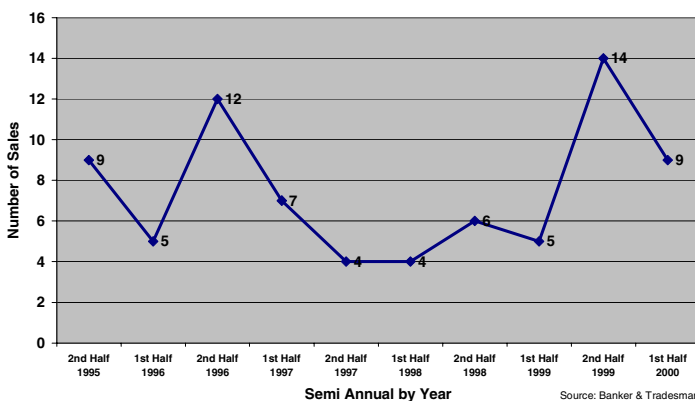


Source: Banker & Tradesman

However, because there is far less commercial activity when compared to residential sales, data analysis often results in wide fluctuations. Thus, the prospective buyer must implement thorough analysis before agreeing to a final sales price.

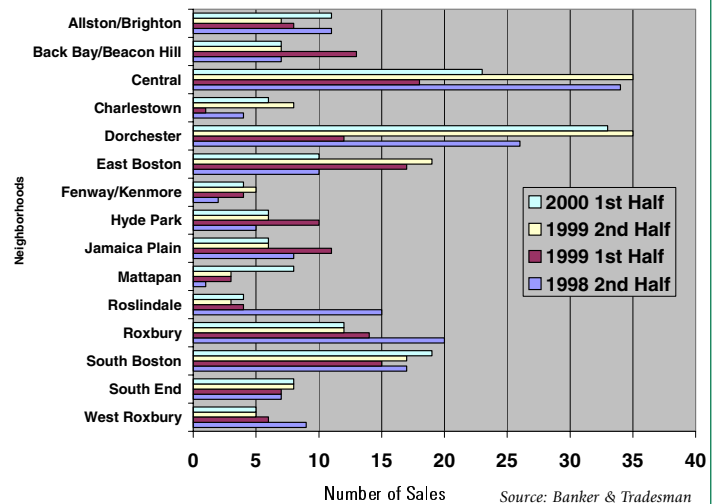
The 9 vacant commercial land sales occurring during the first six months of 2000 sum to 57,556 square feet and a value of \$33 million. Sales occurred in South Boston, Dorchester, Mattapan, and Allston/Brighton. While the average price per square foot is \$574, a parcel at 5 Necco Court in South Boston sold for \$10,667/square foot.

**Vacant Land Sales**  
(July 1995 to June 2000)



Source: Banker & Tradesman

**Commercial Building and Land Sales by Neighborhood**  
(July 1998 to July 2000)



Source: Banker & Tradesman

Commercial sales of both buildings and land remain brisk in the neighborhoods during the past four six-month periods.

Commercial building sale prices vary widely due to location and quality. Furthermore, the traditional classification system by which the condition of a property is designated, "A", "B", or "C" can be subjective. The following table analyzes recent commercial building sales on the basis of cost per interior square footage.

**Neighborhood Commercial Sales**  
**Average Price per Square Foot:**  
**Building Interior**

	1998 1st Half	1999 2nd Half	1999 1st Half	2000 2nd Half	Total Sales	Two-Year Average
Allston/Brighton	\$83.85	\$85.76	\$88.32	\$194.13	32	\$104.34
Charlestown*					10	\$89.72
Dorchester	\$41.63	\$19.05	\$9.03	\$9.24	86	\$46.21
East Boston	\$117.64	\$34.88	\$31.60	\$66.03	54	\$41.58
Hyde Park	\$99.75	\$33.02	\$63.73	\$54.46	23	\$67.78
Jamaica Plain	\$107.59	\$204.75	\$149.70	\$158.73	28	\$153.55
Mattapan*					9	\$61.27
Roslindale	\$32.21	\$102.15	\$46.56	\$124.97	17	\$52.15
Roxbury	\$34.56	\$22.60	\$96.73	\$37.79	42	\$33.32
South Boston	\$136.85	\$124.54	\$101.55	\$100.01	52	\$120.67
South End	\$44.85	\$99.59	\$153.86	\$102.38	24	\$101.69
West Roxbury	\$100.95	\$49.74	\$183.71	\$302.65	21	\$79.95

\* Inadequate data for half year averages.

Source: Banker & Tradesman



# Commercial TRENDS Boston



1<sup>ST</sup> HALF - 2000 ISSUE 2

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT • RESEARCH & DEVELOPMENT UNIT • CITY OF BOSTON • THOMAS M. MENINO, MAYOR

## Neighborhood Roundup

Our "Neighborhood Roundup" highlights commercial building sales in the neighborhoods. In addition to buildings with offices, retailing, manufacturing, service operations, and eating and drinking establishments, this edition of *Commercial Trends Boston* includes business classifications not covered in the previous edition including gas stations, nursing homes, entertainment, and other services. Therefore, the data for the four semi-annual periods found in this issue differ slightly from that published in issue number one.

Allston/Brighton	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$1,347,500	\$925,000	\$535,000	\$1,064,500
Highest	\$2,600,000	\$4,250,000	\$1,050,000	\$3,800,000
Total Revenue	\$11,869,400	\$10,304,500	\$4,067,796	\$12,615,750
Total Sales	9	8	7	9

Charlestown	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$323,500		\$232,500	\$505,000
Highest	\$480,000		\$450,000	\$3,750,000
Total Revenue	\$1,327,000	\$140,000	\$980,000	\$5,775,000
Total Sales	4	1	4	6

Dorchester	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$252,500	\$205,400	\$250,000	236,383
Highest	\$1,050,000	\$600,000	\$1,076,000	825,000
Total Revenue	\$7,997,300	\$2,706,100	\$9,729,766	8,341,383
Total Sales	26	12	27	29

East Boston	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$129,000	\$128,000	\$216,702	\$315,000
Highest	\$213,000	\$5,200,000	\$800,000	\$525,000
Total Revenue	\$1,249,500	\$8,051,500	\$4,713,602	\$3,128,000
Total Sales	10	17	19	10

Hyde Park	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$250,000	\$210,000	\$176,942	\$300,000
Highest	\$5,380,000	\$430,000	\$1,389,263	\$1,300,000
Total Revenue	\$6,919,000	\$1,252,041	\$2,220,150	\$3,100,000
Total Sales	5	6	6	6

Jamaica Plain	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$211,500	\$277,000	\$262,500	\$795,000
Highest	\$820,000	\$495,000	\$355,000	\$4,500,000
Total Revenue	\$2,278,000	\$3,119,900	\$1,066,012	\$8,080,000
Total Sales	8	11	4	6

Mattapan	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price		\$102,000		\$234,500
Highest		\$490,000		\$400,000
Total Revenue	\$150,000	\$685,500	\$230,000	\$1,069,000
Total Sales	1	3	1	4

Roslindale	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$185,000	\$151,500	\$260,000	\$252,500
Highest	\$284,400	\$185,000	\$825,000	\$375,000
Total Revenue	\$1,074,400	\$503,000	\$1,177,000	\$960,000
Total Sales	6	4	3	4

Roxbury	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$145,000	\$185,000	\$125,000	\$303,500
Highest	\$820,000	\$7,406,614	\$340,000	\$1,100,000
Total Revenue	\$2,522,183	\$18,087,146	\$1,356,313	\$4,164,500
Total Sales	13	17	8	10

South Boston	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$252,250	\$270,000	\$210,000	\$425,000
Highest	\$15,334,413	\$875,000	\$24,300,000	\$72,000,000
Total Revenue	\$18,989,303	\$3,867,500	\$43,346,000	\$79,454,750
Total Sales	14	13	15	15

West Roxbury	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Median Price	\$380,000	\$305,000	\$145,000	\$650,000
Highest	\$890,000	\$3,625,000	\$496,500	\$1,350,000
Total Revenue	\$2,607,750	\$5,305,000	\$726,500	\$2,953,000
Total Sales	9	6	3	5

TOTALS	98 2nd Half	99 1st Half	99 2nd Half	00 1st Half
Total Revenue	\$56,983,836	\$54,022,187	\$69,613,139	\$129,641,383
Total Sales	105	98	97	104

Source: Banker & Tradesman

Special thanks to the following contributors to this issue: The Hamilton Company, Brighton; Shawmut Properties, Brighton; Constitution Plaza Association, Charlestown; Key Real Estate & Insurance, Mattapan; Nuestra Properties, Roxbury; Allied Real Estate, West Roxbury; R. Boly Associates, West Roxbury.

## Send Us Your Data

The R&D Unit is interested in your rental data. Help us stay current. Our goal is to include all Boston Main Streets and commercial districts. We'd like to narrow the ranges presented here so businesses have the most accurate rent information. Call Keith Kuzmin at 635-0340 or send a fax: 635-0262 or email: [kkuzmin.dnd@ci.boston.ma.us](mailto:kkuzmin.dnd@ci.boston.ma.us)